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December 15, 2004

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PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

**RE: *In the Matter of the Investigation Into the Membership of Louisville Gas and Electric Company and Kentucky Utilities Company in the Midwest Independent Transmission System Operator*
Case No. 2003-00266**

Dear Ms. O'Donnell:

Enclosed please find and accept for filing the original and ten copies of Louisville Gas and Electric Company's and Kentucky Utilities Company's Supplemental Response to the Commission Staff's Data Requests Dated October 13, 2004 in the above-referenced matter. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copies and return them to me in the enclosed self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Very truly yours,

Kendrick R. Riggs

KRR/ec
Enclosures
cc: Parties of Record

**LOUISVILLE GAS AND ELECTRIC COMPANY
AND
KENTUCKY UTILITIES COMPANY**

CASE NO. 2003-00266

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**Supplemental Response to the Commission Staff's Supplemental Data Requests
Dated October 13, 2004**

Question No. 4

Responding Witness: Mark S. Johnson

- Q-4. Refer to PWT, page 6. Under the MISO EMT, will LG&E and KU be able to comply with the provisions of KRS 278.214, which requires retail bundled load to have the highest curtailment priority on the LG&E/KU transmission facilities in the event of a transmission emergency?
- A-4. It is possible that the MISO EMT could affect the Companies' ability to comply with KRS 278.214. This event could occur if the Companies are instructed to drop retail bundled load to ease congestion in an emergency situation and corresponding instructions are not given to generators who are supplying non-retail load. If no other alternative (such as using an alternate generation source or transmission switching) is available, the Companies may be forced to drop retail bundled load in favor of non-retail load. The MISO Balancing Authority Agreement provides that MISO will not issue instructions that are inconsistent with law; however, it is possible that the Companies would not be able to comply with both federal law and state law if an emergency situation occurs. Because in a conflict situation, the Companies would have to comply with federal law, the Companies have sought clarification regarding their duties to comply with KRS 278.214 under these circumstances in litigation in the U.S. District Court for the Eastern District of Kentucky.